



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



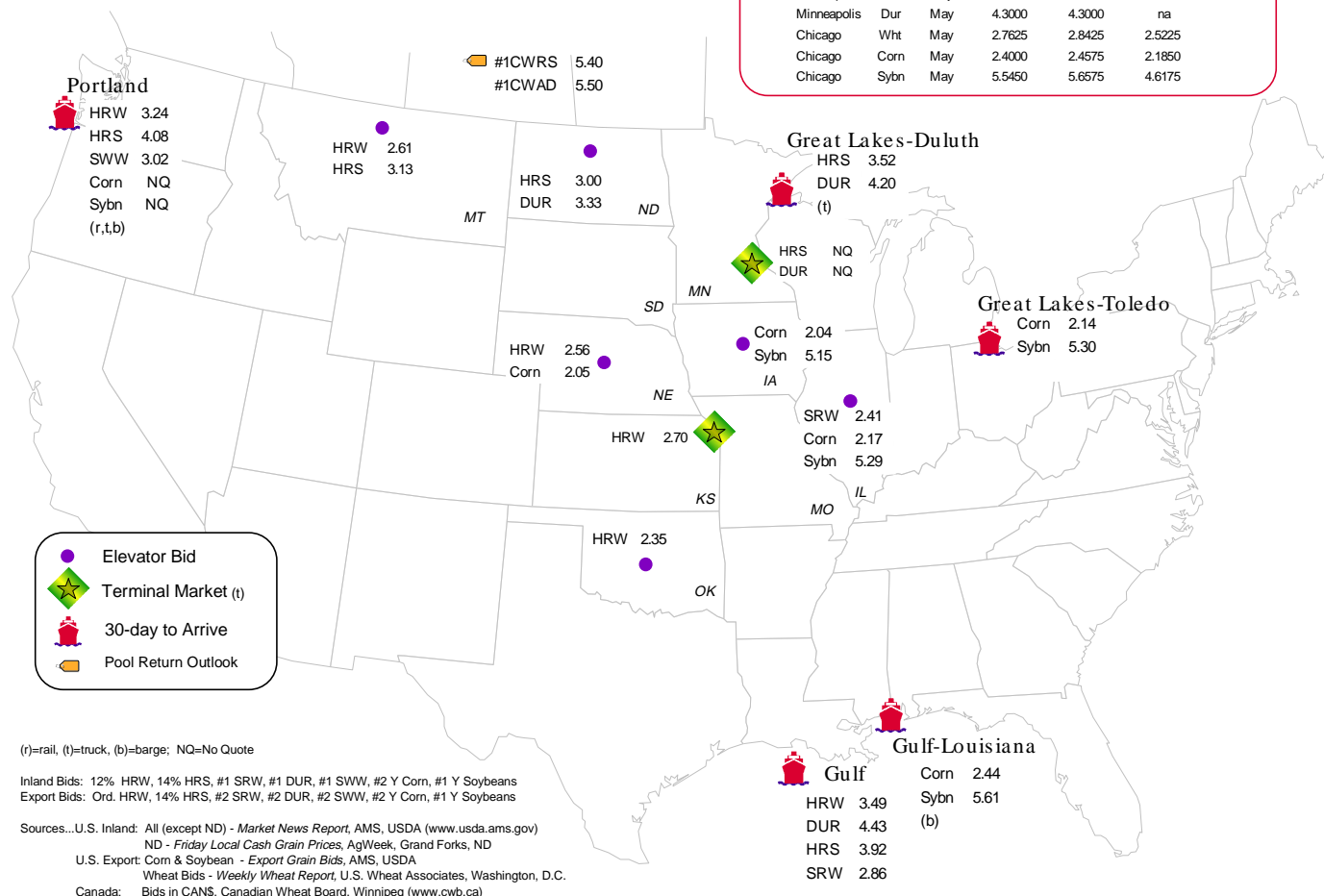
MAY 23, 2000

USDA Files Comments With STB. The U.S. Department of Agriculture (USDA) recently filed comments with the Surface Transportation Board (STB) regarding regulations for railroad mergers and consolidations. The comments are intended to advance STB's mandate to only approve mergers that are "consistent with the public interest and promote a safe and sound rail system that runs smoothly and efficiently to provide the service needed by rail customers." The STB is required to approve and authorize rail mergers when, along with other provisions, they are consistent with the public interest. The STB, however, may also apply conditions to the transaction, such as divestiture of parallel tracks or requiring that trackage rights be granted to other railroads and facilities to promote competitiveness. In its recent response, USDA outlined 10 recommendations intended to protect the interests of agricultural producers, shippers, and rural communities. USDA recommends that the STB: 1) incorporate downstream and crossover effects of all future major railroad mergers, thus emphasizing the effect of mergers on the transportation system as a whole; 2) institute a "rebuttable presumption" (shifting the burden of proof to the railroads) against future railroad mergers unless the merging railroads develop a plan that lessens any adverse consequences of the merger upon shippers and other railroad firms, prove the existence of merger-related benefits, and show that those benefits cannot be achieved by other means; 3) require railroads involved in major consolidations to compensate shippers and other railroads (during merger implementation) for costs incurred due to merger-related service interruptions and require binding arbitration of all claims which the consolidated railroad disputes; 4) continue to consider the ability of the merged firm to make the necessary infrastructure improvements before approving any major rail consolidation; 5) require railroads to offer specific proposals to enhance competition and to mitigate any adverse competitive consequences of the consolidation upon shippers; 6) require merging railroads to maintain existing gateways, open those that were closed, and remedy any reductions in route or service options; 7) analyze the impacts of future major railroad consolidations upon short line and regional railroads; 8) more closely examine the estimates provided by merger applicants for positive and negative costs to the public; 9) consider the effects that different commercial and regulatory regimes can have upon cross-border trade and condition any transnational railroad merger so that shippers in both countries are assured of equal or the same access to rail transportation; and 10) analyze the effect of a foreign government's jurisdiction on the operations of the resulting railroad and the influence of state trading enterprises, such as the Canadian Wheat Board, particularly on the distribution of railcar capacity among U.S. and Canadian agricultural shippers which could have impacts in world markets.

Mississippi River Barge Operations Called Threat to Endangered Species. The U.S. Army Corps of Engineers is being warned by the U.S. Fish and Wildlife Service that the locks, dams, dikes, and dredges on the upper Mississippi River are threatening the survival of two endangered species, the pallid sturgeon and the Higgins' eye pearl mussel. Providing refuge to 300 species of migratory birds and 127 species of fish, the upper Mississippi River has been the focus of discussion between the Corps and the Fish and Wildlife Service for nearly a year. The sturgeon and pearl mussel are two of seven threatened or endangered species that have attracted the most concern. Expansion projects on the river are already in jeopardy due to allegations that the Corps was responsible for "inappropriate economic assumptions" in justifying the proposed lock expansion project. The barge industry has pushed hard for the project, claiming reduced costs for shippers and decreased barge congestion at locks. A spokesperson for MARC2000, the major barge lobbying group in the Midwest, has emphasized the importance of lock expansion for the U.S. economy. The Mississippi River carries half the Nation's waterway cargo. A Sierra Club official, however, claims that, "the existing lock and dam system and barge traffic are already jeopardizing these species; expanding that system and allowing more traffic could mean their demise." Although there has been no suggestion that the Corps stop maintaining the channel, "there are things that the Corps can do to improve the situation," according to a Fish and Wildlife official. The Corps is already spending \$33 million a year to revive the health of the upper Mississippi. (*Washington Post* 5/18)

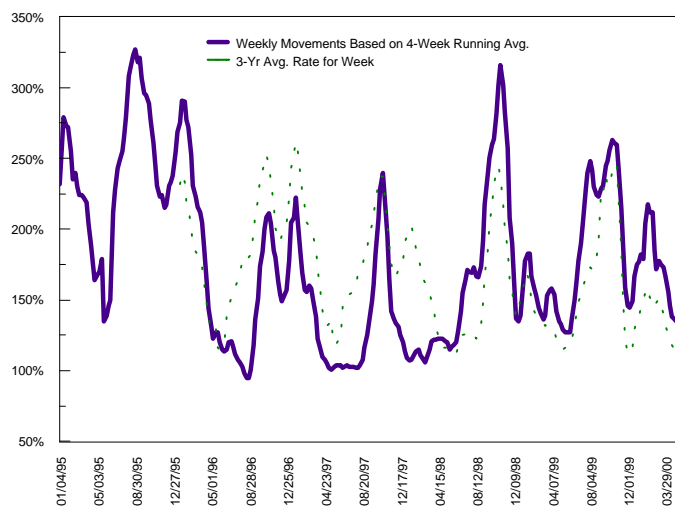
Drought Conditions May Worsen. Based on its recently introduced 3-month drought forecast, the National Weather Service warns that severe drought conditions are expected this summer in Iowa, northern Indiana, Missouri, eastern Nebraska, and Illinois, while severe-to-extreme drought conditions will continue in western Texas; northern Arkansas; Florida; Georgia; western South Carolina; and southern parts of Louisiana, Mississippi and Alabama. According to the weather service, periods of rain will bring some relief; however "soaring temperatures will increase evaporation and a quick return to dry conditions." Farmers are reportedly planting before the intense heat, with 91 percent of corn, 88 percent of spring wheat, and 57 percent of soybeans already planted. Soybean plants are generally more tolerant of dry conditions than other crops. A 4-feet-high corn plant, for example, requires about one-third inch of water from the soil daily, according to agronomists. Although the drought will affect farmers in many parts of the U.S., Agriculture Secretary, Dan Glickman, stated, "I don't think it's going to have an impact on consumer prices." It may cause "regional harm" to some areas, but "it is not a national drought," Glickman stated. (*Reuters* 5/16, *AP* 5/16)

Grain Bid Summary

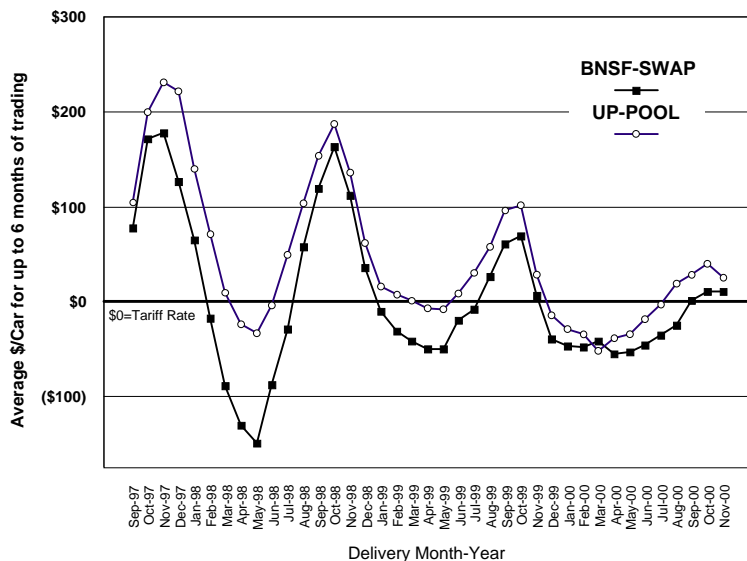


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings

Delivery for:	Jun-00		Aug-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,000	29%	12,000	74%
UP-GCAS	5,400	1%	5,400	1%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jun-00	Jul-00	Aug-00	Sep-00
BNSF-GF	\$(40)	\$(30)	\$(4)	\$13
UP-Pool	\$(25)	\$(10)	\$10	\$17

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jul-00	Aug-00	Sep-00
COT/N. Grain	no bid	\$19	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	\$3	\$3
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended*	River/Region	Contract Period	Rate
5/19/00	Illinois River	twk/nwk	120**
		wk. 6/4, 6/11	125
	St. Louis	wk. 5/28	100
		Oct.	215*
		Jan.	110
	Mid Miss.	twk	135*
		June	145**
	Memphis-Cairo	June	115**

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

Southbound Barge Freight Spot Rates

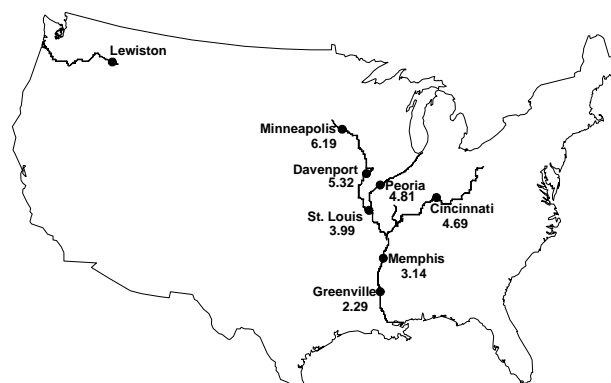
	5/17/00	5/10/00	June '00	Aug '00
Twin Cities	152	163	171	208
Mid-Mississippi	131	133	142	177
Illinois River	121	127	133	170
St. Louis	104	105	113	154
Lower Ohio	107	114	119	162
Cairo-Memphis	96	98	106	152

Source: Transportation & Marketing /AMS/USDA
nq=no quote

percentage for bid rates, except:

(*) percentage for offered rate

(**) percentage for traded rate

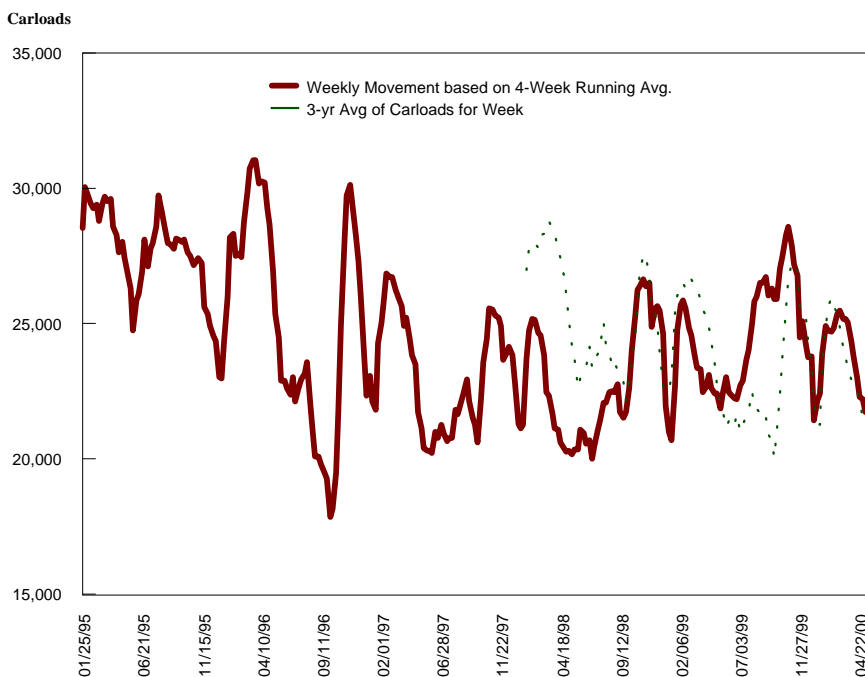
**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
4/29/00	22,675
5/6/00	20,909
5/13/00	21,846
Year to Date - 2000	455,970
Year to Date - 1999	448,579
Total 1999	1,269,741

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

			<u>East</u>			<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
05/13/00	0	2,580	1,685	2,447	6,958	620	7,556	2,395	4,478
This Week Last Year	763	2,086	2,112	2,510	7,092	924	6,643	2,378	4,057
2000 YTD	0	54,451	34,472	55,817	152,922	11,382	146,926	53,580	84,834
1999 YTD	14,486	47,586	28,733	48,605	152,420	14,224	142,525	39,034	61,660
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

May 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/05/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
05/05/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
05/05/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
05/05/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
05/05/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
05/05/00	31040	Corn	Minneapolis, MN	Portland, OR	\$3,000	\$33.07	\$0.84
05/05/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
05/05/00	31040	Corn	Omaha, NE	Portland, OR	\$2,615	\$28.82	\$0.73
05/05/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
05/05/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

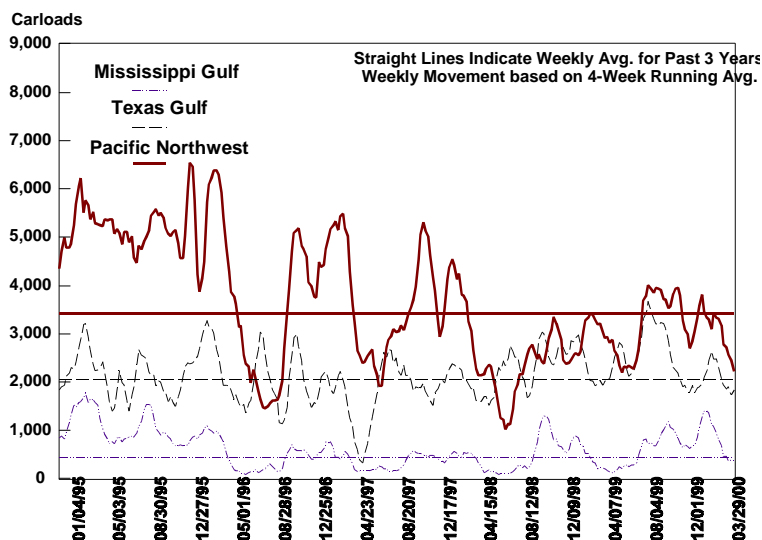
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

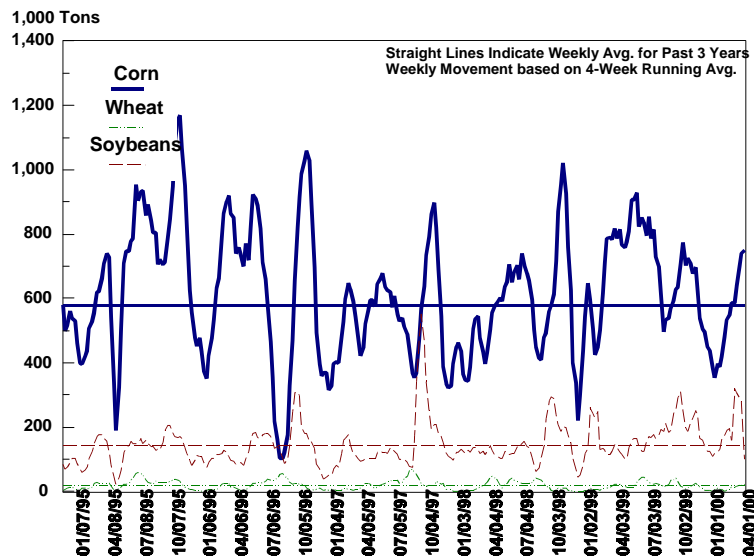
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
04/05/00	355	2,076	2,601	237
04/12/00	214	1,509	2,592	191
04/19/00	639	2,090	2,710	273
04/26/00	302	1,940	2,385	233
05/03/00	402	1,407*	2,139	76
05/10/00	206	1,905*	1,666	119
YTD 2000	15,587	39,173*	57,117	6,784
YTD 1999	9,095	44,963	55,494	6,793
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port

(*) Incomplete Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 5/13/00

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	313	25	68	414
Winfield, MO (L25)	451	27	108	595
Alton, IL (L26)	722	32	151	920
Granite City, IL (L27)	697	31	131	877
Illinois River (L8)	203	3	51	257
Ohio (L52)	10	7	12	39
Arkansas (L1)	0	10	4	14
2000 YTD	11,243	673	3,414	16,035
1999 YTD	12,265	889	2,700	17,184
Total 1999	36,711	2,883	9,771	51,887
Total 1998	31,001	2,401	8,674	45,134

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
05/11/00	937	553	885	707	240	3,322	7,307	1,810	12,439
This Week Year Ago	1,433	412	1,093	377	105	3,421	8,560	2,251	14,232
<u>Cumulative Exports-Crop Year</u>									
99/00 YTD	10,103	4,062	5,353	3,682	918	24,117	34,082	22,041	80,240
98/99 YTD	9,753	2,369	6,171	5,218	948	24,460	32,560	17,713	74,733
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Gain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
05/18/00	208	126	0	71	702	140	139	0	0
2000 YTD	3,497	3,024	662	2,358	12,715	7,597	2,226	125	717
1999 YTD *	3,952	2,873	93	2,270	12,298	5,971	2,592	257	630
% of Last Year	32%	69%	102%	47%	41%	51%	31%	22%	51%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

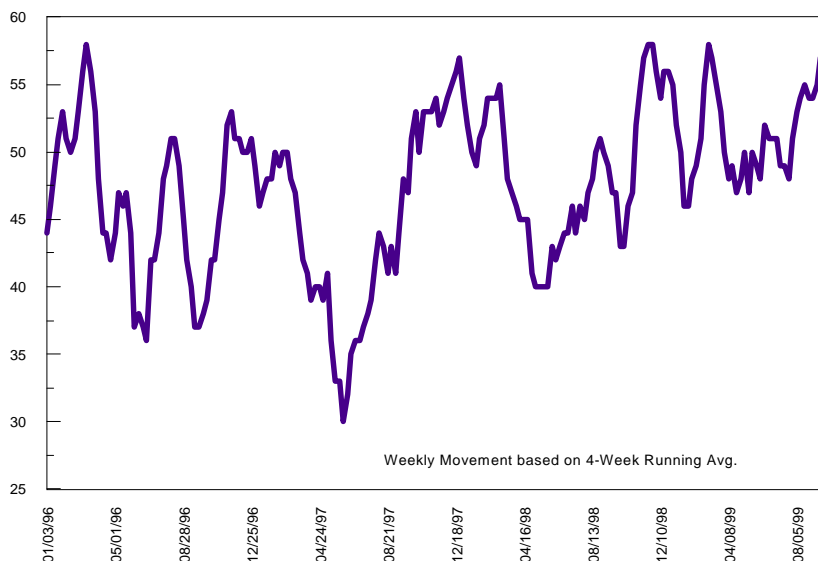
Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 5/18/00			
Vancouver	4,556	687	680
Prince Rupert	3,111	3	89
Prairie Direct	868	216	336
Thunder Bay	588	263	218
St. Lawrence	2,223	1,470	0
1999 YTD Exports	11,346	2,639	1,327
1998 YTD Exports	7,918	2,810	767
% of Last Year	143%	94%	173%

Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



**Gulf Region
Vessels Loaded
- Past 7 Days-**

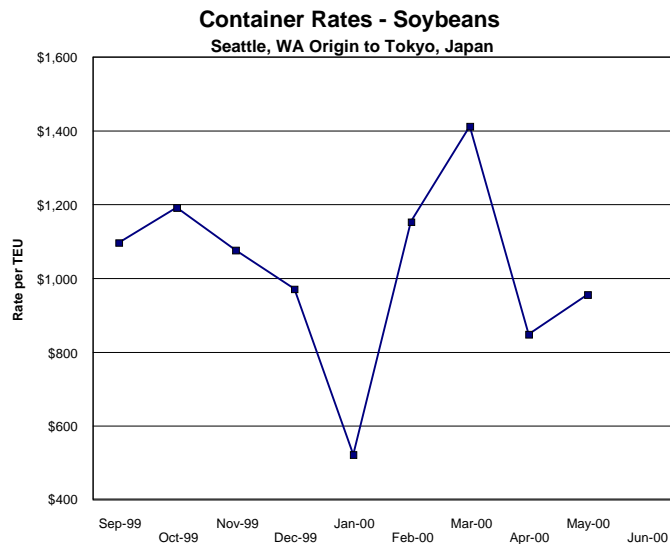
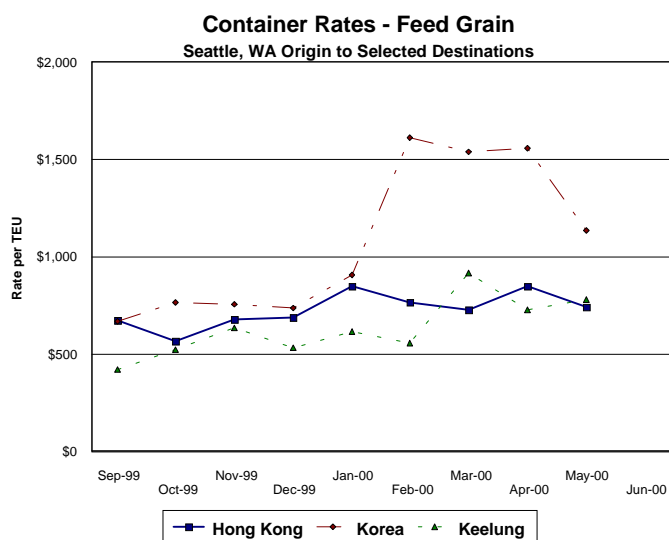
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
05/11/00	23	44	59	12			12	5	0
05/18/00	23	46	63	10			12	12	2
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

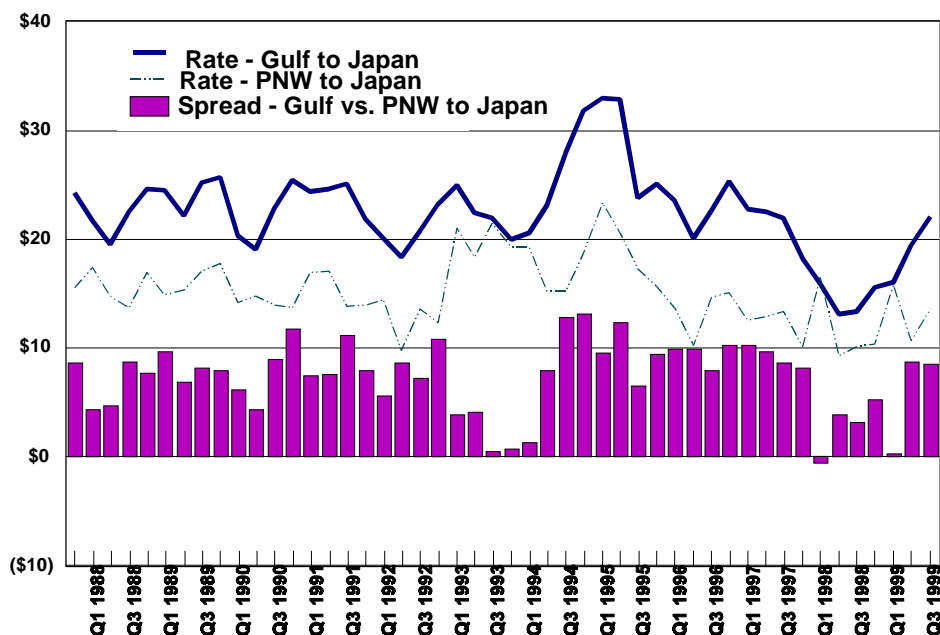
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing /AMS/USDA

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2000 1 st Qtr	1999 1 st Qtr	% Change		2000 1 st Qtr	1999 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.46	\$13.17	48%	Japan	\$10.71	\$9.35	15%
Mexico	\$14.97	\$16.33	-8%	Red Sea/ Arabian Sea			
Venezuela	\$12.64	\$10.30	23%				
N. Europe	\$13.31	\$8.85	50%	Argentina to			
N. Africa	\$18.20	\$13.87	31%	N. Europe	\$13.94	\$12.15	15%
				Japan	\$23.00	\$16.21	42%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 5/20/00

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Venezuela	Heavy Grain	Prompt	30,000	\$11.50
Gulf	Rotterdam	Grains	May19/21	38,000	\$15.39
Gulf	Indonesia	Heavy Grain	May20/30	60,000	\$22.00
Gulf	Taiwan	Heavy Grain	May30/Jun6	56,000	\$22.50
Gulf	Japan	Heavy Grain	May25/Jun22	54,000	\$23.00
PNW	Taiwan	Heavy Grain	May28/Jun5	54,000	\$14.25
Brazil	Iran	Soybeans	Prompt	50,000	\$24.00
No. France	Morocco	Wheat	Prompt	30,000	\$11.00
Rostock (Germany)	Saudi Arabia	Barley	Prompt	55,000	\$18.00
No. China	So. Korea	Corn	May26/Jun3	45,000	\$8.00

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option